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United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP

WASHINGTON, DC 20510–6350

February 14, 2002

The Honorable Hector Barreto
Administrator
U.S. Small Business Administration
409 3rd Street, S.W.
Washington, D.C. 20416

Dear Administrator Barreto:

I am writing to express my concern over issues of increasing importance to the Small Business Administration's (SBA) 8(a) Business Development (BD) and Small Disadvantaged Business (SDB) communities. Specifically, these communities have contacted my office concerned about program application and certification.

Since I took over the Chairmanship of the U.S. Senate Committee on Small Business and Entrepreneurship, I have been alarmed at the increasing complaints about the lengthy delay in the certification process for the 8(a)BD program and the SDB program. I have also received a number of complaints about the burdensome application forms required for certification as well as the continuing lack of an online application process.

While I am aware that the Office of Management and Budget (OMB) had harsh words for the HUBZone certification process in the Administration's Fiscal Year 2003 budget proposal, I disagree with the OMB's assessment. It appears to me as if the OMB reported on the wrong program and meant instead to illustrate the issues surrounding the 8(a)BD and SDB application and certification process. In fact, the SBA HUBZone application process has been touted as a "gold standard" that the SBA should use as a model in any re-design of the application and certification process for other programs. While I am a supporter of the HUBZone program, I find the unequal treatment the SBA provides the 8(a)BD and SDB programs with respect to electronic access to the application and certification process alarming, especially since the HUBZone program is only about five years old, while the 8(a)BD and SDB programs are well-established.

Because of my support for the 8(a)BD program and the SDB program, as well as my oversight role over these programs, I feel it is critical to address these issues in a prompt manner. It would be helpful to me if you would provide answers to the following questions:

1) What is the average number of applications the SBA receives in a week for 8(a)BD certification? What is the weekly average for SDB applications? What is the weekly average for HUBZone applications?

2) What is the length of time the SBA tells an applicant it generally takes to receive 8(a)BD certification? What is the time for SDBs? What is the time for HUBZones?

3) How long does it take, on average, for a small business concern to receive 8(a)BD certification once an application is submitted? What is the average time to receive SDB certification? What is the average time to receive HUBZone certification?

4) How many 8(a)BD certifications does the SBA complete in a week? How many SDB certifications? How many HUBZone certifications?

5) How many Full Time Equivalents (FTEs) does the SBA have assigned to perform 8(a)BD certifications? How many FTEs for SDB certifications? How many for HUBZone certifications?

6) What are the methods available for applying for 8(a)BD certification? What are the methods for SDB certification? What are the methods for HUBZone certification?

7) How long does the SBA estimate it should take to complete the 8(a)BD application? How long for the SDB application? How long for the HUBZone application?
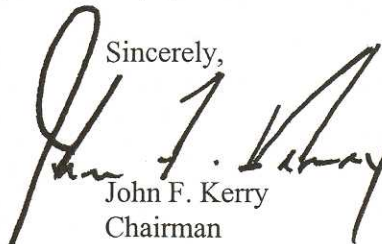
8) Do you have any plans to improve the SBA's application and certification process for either the 8(a)BD or SDB programs? If so, please explain what they are and the time frame for implementing them.

9) Do you agree with the OMB assessment that the HUBZone application process is a "major barrier to small business participation" in the program? If so, do you have plans to improve the HUBZone application and certification process? And if so, what is the time frame for implementing these plans.

Thank you in advance for your cooperation in this matter. It would be helpful if you would provide answers to these questions by close of business Monday, February 25, 2002, so that the Committee may consider them before the budget hearing scheduled for February 27, 2002.

I look forward to working with you as we seek ways to improve participation and use of the 8(a)BD and SDB programs. Please feel free to contact me, or have your staff contact John DaSilva of my Committee staff at (202) 224-5175, should you have any questions about this request.

Sincerely,

John F. Kerry
Chairman

cc: Fred G. Armendariz, Associate Deputy Administrator
        Della Ford, Associate Administrator
        Michael McHale, Associate Administrator